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ABSTRACT

To assist the National Endowment for the Arts (NEA) in making decisions about the Endowment's future role in the development of new, and improvement of existing, economic data on the arts and cultural institutions, all the existing sources of economic data on the arts were examined and evaluated in detail. A needs survey was also conducted. A sample of arts councils and arts-producing organizations was approached by a mail inquiry and people concerned with the arts were interviewed to find out which existing sources they found helpful. The report begins by describing the characteristics of the data sources examined. Sources included standard federal statistical series, unpublished data on arts organizations in the files of the NEA, the Internal Revenue Service, the New York State Council of the Arts, data collected by various service organizations, proprietary data on the commercial theater, and major one-time and irregularly recurring surveys. The expressed needs of users of the data, as found in the survey, are discussed; the costs of producing the existing data are examined; and a summary of the cost-effectiveness rankings of the better data sources is presented. Recommendations for data improvements are made. (RM)

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Final Report

on a

Feasibility Study for an Economic Data Program on the Condition of Arts and Cultural Organizations

Prepared for the National Endowment for the Arts

under Grant No. RQO-22-3N

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October 31, 1977

Volume 1

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1. The Nature of this Study

Virtually no one concerned with the arts in the United States has ever been satisfied with the information available on the economic and financial characteristics of the arts, in general, for specific art forms and types of cultural institutions or for specific regions, states and cities. This is nothing new, but dissatisfaction has grown since the creation of the National Endowment for the Arts a dozen years ago marked the acceptance of a larger and more direct role for the Federal government in support of the arts. The dissatisfaction does not merely reflect the peculiar American proclivity for facts and figures, but the very real needs for information in making sensible policy decisions and managing arts institutions. Members of Congress, in authorization and appropriations hearings, repeatedly raise questions that cannot be answered on the basis of the available data; advocates for the arts and arts journalists pose still other questions that should be readily answerable but are not; boards and administrators of arts organizations lack all sorts of comparative data relevant to their operations; and researchers -- as always -- find the gaps in the data huge and disabling.

Researchers are never satisfied, but the fact is that the economic data on the arts are far less adequate than the data on other aspects of American social and economic life. There are some obvious and understandable reasons why this should be so. First, the best Federal government economic statistics are those for particular sectors that have long been "clients" of the Federal government, with major, well-

established Federal agencies devoted to their welfare; agriculture, transportation and housing are notable examples. In contrast, the arts have not been an object of Federal policy until quite recently and the Arts Endowment remains, by Federal standards, a very small agency.

Second, Federal economic statistics in general are good at covering activities organized on a commercial, for-profit basis and those conducted under governmental auspices, but rather poor at covering activities organized on a nonprofit basis or by people working on a self-employed basis. Film, the Broadway stage and broadcasting aside, most of what we ordinarily think of when referring to the arts and cultural activities consists of nonprofit organizations and individuals working on their own. Moreover, the arts as an "industry" is a relatively small one (accounting for only about one percent of gross national product, even if broadly defined to include the entire spectrum of commercial mass and pop culture activities; all writing, publishing and distribution of fiction; and the production and distribution of recorded music),[1/] so that the arts easily fall between the cracks in the standard Federal statistical series.

Third, artists and those who run arts organizations are not statistically-minded policy analysts, nor should they be. Rightly, they concern themselves mainly with artistic creativity and artistic output, not with statistical reporting on their own activities or those of their counterparts. Thus, they have not organized themselves into counterparts of the

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[1/] For some comprehensive estimates of the size of the industry as of 1972, see Dick Netzer, The Subsidized Muse: Public Support for the Arts in the United States (Cambridge University Press, in press for early 1978 publication), Chapter 1.

heavily-financed, statistics-producing trade associations characteristic of corporate business. Arts service organizations are relatively new ventures, with slender financing and (with one exception) no tradition of concern for the production of economic data.

In recent years, there have been serious efforts to improve the economic data on the arts, but on a rather unsystematic basis. Several of the service organizations, following along the lines pioneered much earlier by the American Symphony Orchestra League, have begun to collect data annually on the operations of their members. There have been a number of major, but non-recurring, statistical studies of museums and the arts in individual states. The Ford Foundation conducted a major study, covering a nine-year period, of the finances of the major professional performing arts organizations. There have been marginal improvements in the treatment of the arts in standard Federal economic statistics.

The Arts Endowment has been involved, financially or otherwise, in most of these efforts to increase the supply of economic data on the arts. However, in the past two years, that involvement has been more deliberate and systematic. This study is part of the new effort. The study is meant to assist the Arts Endowment in making decisions about the Endowment's future role in the development of new and improvement of existing economic data on the arts and cultural institutions. Such decisions include choices on the scope of the effort, the budgetary requirements and the organizational auspices.

Although this study is not designed to, and could not possibly, provide highly detailed specifications (like the format of proposed questionnaires) for a new data collection program, the goal of the study from the outset has been to make concrete recommendations to the Endowment about the principal choices to be made. To this end, we have examined in detail virtually all the existing sources of economic data on the arts, including standard Federal statistical series that have some data on the arts; unpublished (and uncompiled) data on arts organizations in the files of the Arts Endowment, the Internal Revenue Service and the New York State Council on the Arts; data collected by the various service organizations; proprietary data on the commercial theater; and major one-time and irregularly recurring surveys, especially those supported by the Arts Endowment. We have not tried to review systematically one-time surveys that date from years ago, explicitly avoid coverage of economic and financial items or are highly local in coverage (e.g., a single city), because such surveys could not possibly be of great relevance to the policy choices confronting the Endowment.

Because no such systematic scrutiny of existing data sources had been made previously, it appeared likely from the outset that we might discover that there was in fact more economic data on the arts in existence than anyone suspected. That is, the likely problem was not that there were simply too few numbers, period, but that many of the data were inaccessible, not comparable with one another, hard to interpret or of doubtful statistical reliability and that there were strategic gaps in the coverage of the data. Therefore, a central part of this study has been the evaluation of the existing data sources, on a variety of bases. One of the most important of the bases for evaluation

has been a survey of the needs for data expressed by various types of users, a survey that in practice turned out to be mainly a description of which of the existing sources users find helpful and users' criticisms of existing sources they find less helpful.

Evaluators -- and proposers of change -- start the evaluation process with biases about the characteristics that are desirable. That is, we started with notions about the attributes of a good system of economic data on the arts, which the reader of this report should know. First, most users are interested in some aspect of change over time: how is the dance, the theater, the opera faring today as compared to last year, five years ago, ten years ago? Questions like this sometimes are the only ones that concern data users, usually are the first ones raised and almost invariably follow immediately upon questions about the current levels of income, expense, deficit, attendance, or employment. Thus, continuity over time is a valuable attribute of an economic data series. Second, a high-quality series should present a reasonably whole picture of the set of phenomena that are obviously of primary concern to the user: arts institutions (and policy makers) are concerned with both the income and expense side of the accounts; anyone concerned with the performing arts will be frustrated by data series that do not include information on attendance. If the subject-matter coverage is narrow enough, the data series can be seriously misleading, in addition to being next to useless.

Third, a good series covers the proper group of respondents, defined differently by size, art form or organizational arrangements, depending upon the purpose of the series. For example, a survey confined to members of a service organization will not describe the economic state of that art form if membership is very partial, especially if no one really knows much about nonmembers. In part, this is an issue of statistical quality, which is usually of concern only to technicians, although it should be of concern to all users.

Fourth, a good series is accessible to potential users, in the literal sense of being published and widely disseminated and in the broader sense of being easy to comprehend. Users should be able to compare easily their own organizations or art forms to the reported results for all respondents, and those results should be reported with only brief time lags so that the data appear relevant to the users' recent experiences (professional researchers may find the release of 1974 data in 1977 both acceptable and understandable, but most other users have less patience). The individual data items should be either familiar or, if novel, so close to self-explanatory that users pick them up quickly. At the very least, the data items should not be presented in a way that will mislead the user impatient with qualifying footnotes.

Fifth, a good data series is one that is easy on the respondents, because data collectors should not inflict cruel and unusual punishment on respondent arts organizations that are typically underadministered and fragile and because such punishment will lead to inaccurate answers and low

response rates. Thus, it is best to ask for data that flow naturally from operations rather than for data that seem very remote from the everyday concerns of arts administrators; it is better to add one or two data items to an existing survey than to launch a whole new series; and it is sensible to try to compile raw data already on hand before mailing out new questionnaires for statistical purposes.

The balance of this report is divided into three sections. Section 2 is a comparative description of the existing sources of economic data on the arts. Appendix 2-A (in Volume 2) contains a full discussion of the characteristics of each of the sources covered in Section 2. Section 3 presents a cost-effectiveness evaluation of the existing data sources, starting with a discussion of our survey of user needs, followed by presentation of the evidence assembled on the costs of the existing series and concluding with a ranking of the series on the basis of a cost-effectiveness framework developed for this study. Section 4 presents our recommendations for data improvements. We present alternatives for consideration by the Arts Endowment.

2. Existing Sources of Economic Data on the Arts

The sources of economic data we examined are identified and cryptically characterized in Table 1, and described more fully in Appendix 2-A.[2/] They can be classified into four main types:

1. The coverage of the arts in standard Federal government statistical series.
2. Special-purpose statistics on the economics and finance of arts-producing organizations produced by service organizations, fund-granting agencies or on a proprietary basis.
3. Raw data on individual arts organizations in the files of government agencies, notably the Arts Endowment and the Internal Revenue Service.
4. Miscellaneous data on other aspects of the arts, like private giving, the state arts agencies and university presenters.

As Section 3 of this report shows, different users are interested in different types of economic information, but all users are interested in some elements of the following:

[2/] Three of the thirty sources identified in Table 1 are not treated in Appendix 2-A. Two of them, E.3 and E.4, are raw data in internal files of New York State government agencies paralleling the similar data in Federal agency files (E.1 and E.2). The former are not reviewed at length because our primary concern was for nation-wide data and because the similarities between E.1 and E.2, on the one hand, and E.3 and E.4, on the other, are considerable. The third exclusion is the Filer Commission report which presents very little data on the arts per se.

Table 1. Summary Characteristics of Data Sources Analyzed in this Study

Identification of source	Dates/ frequency	Principal arts activities and data items included
A. Standard Federal government statistical series		
1. Economic censuses, general (Census Bureau)	Every 5 years, since 1958	Motion pictures, live performing arts, commercial museums, book publishing, manufacture of phonograph records: no. of establishments, employment, receipts
2. Census of Business, Selective Service Industries, 1972 and thereafter (Census Bureau)	Every 5 years, beginning 1972	Live performing arts: detail on income and expenditures
3. National Income Accounts (Department of Commerce)	Annual, since 1929	Personal consumption expenditures for live performing arts, motion picture admissions
4. Consumer Expenditure Survey (Bureau of Labor Statistics)	Approximately every 10 years, latest in 1972-73	Detailed data on consumer expenditure for "recreation" categories from a small sample
5. County Business Patterns (Census Bureau)	Annual since 1964	Motion pictures, live performing arts, noncommercial, non-governmental museums: no. of establishments, employment, payrolls
6. Census of Population (Census Bureau)	Decennial	Employment and earnings by occupation and industry
7. Current Population Survey (Census Bureau)	Monthly	Occasional special tabulations on artistic occupations
B. Published (and available unpublished) data on the performing arts, in general or for specific art forms		
1. General		
(a) The Ford Foundation, Finances of the Performing Arts (1974)	Published data for 1965-66 to 1970-71; unpublished data through 1973-74	Fully professional, nonprofit performing arts: detailed data on income, expenses, attendance, performances and labor force

(b) National Endowment for the Arts, Economic Aspects of the Performing Arts	1969-70 season only	Coverage of organizations similar to above, but limited to a few financial and attendance aggregates
2. Symphony orchestras		
(a) American Symphony Orchestra League	Annual since since 1949-50 for major orchestras, broader coverage since 1964	Very detailed financial and operational data; 5-year trend data separately tabulated.
3. Opera		
(a) Opera America	Annual since 1973	Financial and operational data for ca. 40 professional companies
(b) Central Opera Service	Annual since 1965	Limited financial and operational data for the major companies and for a sample of more than 200 smaller companies
4. Theater		
(a) Theater Communications Group	Annual since 1973-74	Financial and operational data for 30-plus professional nonprofit resident theater companies
(b) Variety	Annual since 1936-37	Season summary for Broadway and "the Road": no. of shows, playing weeks, gross receipts
(c) Best Plays Yearbook	Annual since 1920	Data on the no. of performances of Broadway shows
(d) Study of the New York Theater (New York City Cultural Council Foundation, January 1972)	One-time study with data through 1969-70 or 1970-71	Partial financial and operational data on various sectors of the New York theater
5. Dance		
(a) Association of American Dance Companies	Initial survey done in 1976	Limited data on finances and operations of member companies in 1975-76
C. Published data on museums		
1. Museums U.S.A. (National Research Center of the Arts, 1974)	One-time study for 1971-72 fiscal year	Detailed data on the operations and finances (somewhat less detail) of a scientific sample of virtually all nonprofit U.S. museums
2. Museums and Related Institutions (U.S. Office of Education, 1969)	One-time study for 1966-67	Limited data for a very large group of respondents, with "museum" very broadly defined

3. American Association of Museums Salary and Financial Survey	1971 and 1973, with historical data requested in 1971 survey	Limited financial but detailed salary and fringe benefit data for sample of membership
D. Published data on museums, the performing arts and other arts organizations		
1. Project in the Arts, Council on Foundations	Semi-annual, beginning 1975	Summary financial and operational data from small samples of arts organizations, to provide very current data on the arts
E. Raw data in the files of government agencies		
1. Internal Revenue Service Form 990 tax returns	Annual	Most nonprofit, non-governmental arts institutions: basic financial data
2. National Endowment for the Arts grant applications and supplementary information forms	Annual, from the early 1970's	Summary information for all applicants and more detailed data for applicants to dance, music and theater programs
3. New York State Council on the Arts grant applications and accompanying financial statements	Annual	For grants over $5,000, detailed financial and operational data
4. New York State Board of Social Welfare Charities Registration reports	Annual	All nonprofit tax-exempt arts organizations: financial data, with more detail as size increases
F. Other sources		
1. Studies of private giving		
(a) Business Committee for the Arts survey of corporate giving	1968, 1970 and 1973	Scientific sample of business corporations: corporate contributions to the arts by type of recipient
(b) Giving USA (American Association of Fund Raising Counsel)	Annual since 1960's	Global estimates, based upon a variety of sources of information, of all types of giving; no detail within the arts
(c) Giving in America (report of the /Filer/ Commission on Private Philanthropy and Public Needs, 1975)	One-time study	National sample survey of individual giving, 1973, by broad classifications. Also background papers on various topics

Table 1 (cont.'d)

2.	A Study of State Arts Agencies (National Research Center of the Arts, 1976)	One-time study for fiscal 1974	Data on the financing and expenditures of state arts agencies
3.	Association of College, University and Community Arts Administrators surveys	Annual since 1965	Summary financial and performance data on performing arts presentations by responding member institutions

-- the finances of arts organizations and cultural institutions, including income by source and expenditures by object;
-- the output of arts organizations, including the number of performances or exhibitions, attendance, audience characteristics and the prices paid for admission;
-- the inputs used by arts organizations, notably employment by occupational types; and
-- employment and earnings of artists themselves.

a. Standard Federal Government Statistics

We noted earlier that there are good reasons why standard Federal government statistical series might cover the arts relatively inadequately. However, all standard Federal series strive for complete coverage of the activities, organizations or phenomena being surveyed and most are rather detailed. Therefore, they provide some coverage of artists and artistic organizations. What is this coverage and what are the main deficiencies, in the light of the kinds of information sought by some or all users (see the preceding paragraph)?

For the most part, general-purpose Federal statistics do not provide comprehensive data on the finances of specific

closely-defined industries or sectors.[3] Instead, they provide highly aggregated financial information for very broad sectors, like agriculture or manufacturing, and they provide selected financial items for detailed industry classifications that cover some parts of the arts sector. For example, every year the Census Bureau and Social Security Administration compile data on payrolls for each U.S. county by detailed industry groups, published in County Business Patterns. These data exclude government employees, the self-employed and employees of nonprofit organizations not covered by Social Security. Disclosure rules permitting,[4] one can plot annual trends in payrolls for a limited number of arts classifications: motion pictures; noncommercial, non-governmental museums; "theatrical producers and services"; and all other live performing arts in a single classification which appears to be dominated by mass-culture commercial entertainment.

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[3] There are three major exceptions to this generalization. First, the quinquennial Census of Manufactures does provide many data of this type for detailed manufacturing industries, but only peripheral aspects of the arts are covered here, notably book publishing and the production of phonograph records. Second, the Treasury Department's Statistics of Income provide much detail on the finances of for-profit firms, by industry, but much of the arts sector is organized on a nonprofit basis. Third, the Census Bureau publishes detailed data on government finances, but governments are not important as direct providers of the arts, except for museums.

[4] No detail is published if there are so few reporting establishments in a given category that the figures for individual establishments could be deduced easily.

Every five years, the Census Bureau conducts the "economic censuses," the most important of which for the present purpose is the Census of Business, covering retail trade, wholesale trade and "selected service industries." The financial items reported here are gross receipts and, again, payrolls. Like County Business Patterns, the Census of Selected Service Industries covers motion pictures and the live performing arts (in this case, permitting a bit more differentiation among art forms), but the Census excludes noncommercial museums.

A third standard series with similarly limited financial information on the arts is the National Income Accounts. In the course of estimating the distribution of consumer spending in detail, the national income accountants annually estimate personal consumption expenditures for motion picture admissions and for admissions to "legitimate theaters and opera, and entertainment of nonprofit institutions (except athletic)," in a single category. Approximately every ten years, the Bureau of Labor Statistics conducts a sample survey of consumer expenditure; the questionnaire calls for detailed information on consumer expenditure for various "recreation" categories, but the responses for the arts categories are considered to be statistically unreliable.

Thus, in combination, these series provide very limited financial information on the arts, with data on total receipts, receipts from admissions and payrolls for differing collections of arts organizations and very little differentiation among art forms. They do not provide a coherent picture of the

finances of the world of the arts and culture with which the National Endowment is concerned, even in the aggregate, and there is reason to believe that, because of changes in coverage and classification over the years, they are misleading indicators of trends, even in very broad terms. For example, the National Income Accounts data on personal consumption expenditures for the live performing arts have been utilized by economic analysts to try to ascertain how consumer demand for the arts responds to rising personal income, but revisions in that series make it impossible to come to any firm conclusions.

Fortunately, there is one other source of financial data on the arts in Federal statistics, item A.2 in Table 1. In the course of the 1972 Census of Selected Service Industries, performing arts organizations were asked to complete a detailed financial questionnaire (which also included questions on performances and attendance); a similar questionnaire is to be used in the 1977 Census. The Census Bureau published the results for roughly 1,400 organizations, broken down as follows:

Producers of legitimate theater		934
Profit-making	494	
Nonprofit	440	
Symphony orchestras, other classical music and dance groups[5/]		389
Profit-making	82	
Nonprofit	307	

[5/] Includes opera.

As Appendix 2-A indicates, there were a number of difficulties with the 1972 survey, including some question about whether the survey reached anything like the entire universe.[6/] And, of course, the breakdown by art form is not as refined as most users would want. Nonetheless, the financial detail provided is considerable and the survey does appear to comprehend a large share of the dollars received and spent (if only a small share of all organizations). Therefore, this survey, if repeated every five years with appropriate improvements, could provide one of the building blocks of an overall system of economic data on the arts.

None of the standard Federal series, with the exception of the 1972 questionnaire, provides any data on the output of the arts, such as performances, attendance and audience characteristics. The only input item covered by the standard series is total employment, reported in County Business Patterns and the economic censuses, but with the deficiencies regarding classification and coverage noted earlier. Thus, the standard series not only tell us nothing about the occupational mix of the employees of arts organizations, but also are not very useful indicators of trends in total employment, because the industrial categories are poorly defined, among other reasons.[7/]

[6/] It is generally believed that there are many more than 800 nonprofit live performing arts groups with at least one paid employee.

[7/] For example, although museums are a separate category in County Business Patterns, government-operated museums are excluded.

So far, the discussion has concerned artistic organizations. Users are also concerned with artists as such. In general, Federal statistics on the characteristics of people in specific occupations are collected only in the decennial Census of Population and occasionally through questions in the monthly Current Population Survey. The latter has provided some information at times, but it is inherently a restricted data source because it is based upon a small sample, 45,000 households in a nation of 72 million households (the sample size will increase to approximately 80,000 in 1978). Artists comprise only about one-half of one percent of the nation's labor force and thus a small sample survey is not likely to provide much statistically reliable detail about artists.

The Census of Population is another matter. The decennial Census questionnaires request extensive information on occupation, employment experience and earnings, and for many occupations, the Census tells us as much as anyone would want to know. There are special problems for artists, because many are self-employed and, even more, because many artists support themselves at least in part from earnings from non-artistic activities. The Census data do not provide such distinctions and, therefore, the detail in the Census on artists is difficult to interpret.

This summary of the content of general-purpose Federal government statistical series explains why it is that so many special-purpose sources have been developed: with the exception of the 1972 questionnaire on the performing arts,

the standard Federal series tell us nothing about most of the important data items and report the remainder in a way that is either too highly aggregated to be useful, too partial in coverage of art forms and institutions or (as in the case of the data on artists' earnings) not to the point. There is another, rather different inherent difficulty with general-purpose Federal statistics: they are not accessible to most potential users in the world of the arts in the sense of being readily comprehensible. Statisticians, economists and sophisticated policy analysts quickly become conversant with the detective work necessary to extract and interpret information in Federal statistics, but most arts users are likely to find the process onerous and not worth the effort. It seems inevitable that standard Federal statistical sources, even if greatly improved, will be used only by technicians who translate and otherwise interpret them to the arts world.

b. Special-purpose Arts Statistics

In Table 2, under categories B, C and D, we list thirteen sources of data specific to the arts. All consist of either published reports and tabulations or unpublished tabulations that are readily available to interested users, based upon questionnaires filled out by responding arts-producing organizations. 8/ Four of the thirteen sources were one-time

8/ Except that the one statistic in Best Plays (item B.4.c in Table 1) is apparently derived from newspaper accounts of play openings and closings.

studies; the rest present data for a number of years or represent recurring data collection efforts. Five of the thirteen are series produced by service organizations, four (the one-time studies) were sponsored by government agencies concerned with the arts, two are sponsored by private foundations and the two concerned with the commercial theater are fittingly proprietary in nature.

The data sources concerned with one or more forms of the nonprofit performing arts perhaps can be best comprehended in a historical context. In 1949-50, soon after its founding, the American Symphony Orchestra League began collecting and tabulating data on the operations and finances of its member orchestras, at first only the major ones, but with much broader coverage (and more detail) since the early 1960's. In a sense, all the subsequent data-collecting undertakings have been efforts to do for other art forms what ASOL does for the symphony orchestras. The Ford Foundation surveys, for the years 1965-66 to 1973-74, cover the fully professional organizations in theater, symphonic music, opera and dance on a fully comparable basis that permits statements about the performing arts as a whole, including projections of their financial prospects. The more recently started series of Opera America, the Theater Communications Group and the Association of American Dance Companies to some extent copy the Ford Foundation model and thus can be considered as extensions of the Ford data series beyond 1973-74. The Project in the Arts series (D.1 in Table 1) is another type

of extension, designed to provide a highly current reading of the state of the arts, including museums and other types of arts organizations not covered by the Ford surveys, but on the basis of a small sample, not coverage of the entire universe of arts organizations.

The coverage of the sources (other than the one-time, one-year studies) on the performing arts is depicted in crude outline in Table 2. In this table, "larger organizations" mean, for the nonprofit sector, the fully-professional companies with annual budgets of $100,000 or more in the late 1960's, essentially the coverage of the Ford surveys and, for the commercial theater, Broadway and "the Road"; Off-Broadway and Off-Off-Broadway fall into the "smaller organizations" category if in the commercial theater.[9/] By "extensive data" we mean fairly detailed information on income by source and expense by object plus data on operations; "limited data" may mean a single data item (Best Plays) or a single-page, thirteen-item questionnaire (AADC).

The gaps (ignoring for the moment continuity over time) are evident: there are in these sources no data at all on smaller theater undertakings and only sketchy data on smaller dance and opera groups; however, smaller symphonies are covered well by ASOL. There are exceedingly limited data on even the larger ventures in the commercial theater, and aside from the years covered by the Ford surveys, very limited data on the larger dance groups.

9/ The convention in the New York theater describes all non-profit resident theater groups, however large, as Off-Broadway.

Table 2. Coverage of Recurring Data Series on the Performing Arts[a]

Art form	Larger organizations		Smaller organizations	
	Extensive data	Limited data	Extensive data	Limited data
Symphony orchestras	Ford ASOL		ASOL	
Dance	Ford	AADC		AADC
Opera	Ford Opera America	Central Opera Service		Central Opera Service
Nonprofit theater	Ford TCG			
Commercial theater		Variety Best Plays		

a/ See Table 1 for more complete references. Excludes Projects in the Arts series, which does not readily fit this table's classification scheme. Abbreviations:

ASOL -- American Symphony Orchestra League
AADC -- Association of American Dance Companies
TCG -- Theater Communications Group

The specific details as to what comprises "extensive data" for each of the sources so characterized are spelled out in Appendix 2-A. Any one of these sources could be improved in a variety of ways, but by and large the data on financial matters are quite good and those on performances adequate, while the data on salary and wage levels are often sketchy and those on ticket prices either nonexistent or incomprehensible. There are obvious reasons for this: it is very difficult to prescribe a standard form for reporting information on salaries and ticket prices that permits sensible tabulations for the entire panel of respondents. It is not impossible to do so, but only at the cost of making the form difficult for the respondents.

There is, perhaps, no point in emphasizing the lack of continuity over time in the better of the data series in Table 2; this study is addressed to improvements for the future, not to cliometrics. But it is worth noting that only the Ford surveys and the ASOL data provide the basis for analysis of trends over time, and that, therefore, it would be an advantage if improvements in data on the arts were designed in ways that make possible links with the Ford and ASOL data extending back to the mid-1960's. A major new data effort that makes such links impossible, for example, by defining the universe of respondents in ways that preclude separating groups of respondents that match the existing good data series, should be avoided, other things being equal.

Another deficiency of the data series listed in Table 2 is that none are tabulated to show geographic breakdowns and, the ASOL data aside, most do not really permit geographic disaggregation except possibly in a two-way breakdown of New York City/rest of the United States. This is a difficult problem to overcome with any series that covers only the larger organizations, which are not evenly distributed, but could be addressed by data collection efforts that extend to smaller organizations.

The data sources in Table 2 concern the major types of traditional performing arts. For all the deficiencies in the existing data on the performing arts, they are substantially better covered at present than are museums. This is precisely the opposite of what one would expect, because so many museums are relatively old institutions with a long tradition of close involvement by trustees from the world of corporate business; they have substantial physical assets to account for; and, in general, their operations bear important similarities to other types of eleemosynary organizations, like hospitals and colleges, for which there is a long history of reasonably adequate economic data collected without all that much pain and suffering. All these are factors that would lead one to expect better, not poorer, data on museums than on the performing arts.

Nonetheless, the data are poor. As the preceding section on Federal statistics indicates, the standard sources provide incomplete and incoherent coverage of museums. County Business Patterns provides annual data on employment and

payrolls for nonprofit, non-governmental museums; the quinquennial Census of Selective Service Industries in theory covers the receipts, payroll and employment of commercial museums, but this information is not shown separately in the published reports; Census Bureau data on government finances and employment cover government-run museums, but again the information is subsumed under broader categories in the published reports.

As Table 1 suggests (and Appendix 2-A makes clear), the four special-purpose statistical sources covering museums each cover a very limited period, are not comparable with one another and so do not provide even the semblance of a time-series. Each of them has its deficiencies. The best of them, Museums U.S.A. (item C.1 in Table 1), sponsored by the Arts Endowment, provides -- in a published format that is extremely difficult to use for purposes of quantitative analysis -- data for the one fiscal year 1971-72 in some detail for a well-defined universe. The financial data are considerably less detailed than are to be found in the performing arts series characterized in Table 2 as having "extensive data," but some of the operational data are more detailed than in those series. Museums U.S.A. places great emphasis on data items that involve expressions of opinion by the respondent museums rather than hard data. The Office of Education study for 1966-67 (item C.2) and the American Association of Museums membership surveys for 1971 and 1973 (item C.3) provide, for rather different groups of museums,

limited data for those years. As in the case of the performing arts, the Project in the Arts surveys (item D.1) provide a limited number of data items on a very current basis for a small sample of museums; the objective here is currency, not universality.

Except for the Project in the Arts surveys (and one-time surveys of the arts in some individual states conducted by the National Research Center of the Arts, not included in Table 1), none of the data sources provide any coverage at all of arts-producing organizations concerned with the less traditional forms and modes of presentation of the arts, like expansion arts groups or folk/ethnic/jazz music. Nor is there coverage of one highly traditional "high culture" art form, "serious" music produced by ensembles and soloists not under the auspices of symphony orchestras.

c. Raw Data in Government Agency Files

The discussion in the preceding two sections may suggest to some readers that very large-scale and expensive new surveys of arts organizations are essential if any reasonable standard of adequacy of economic data on the arts is to be achieved. However, in fact, there is a very considerable amount of data on hand, potentially but not actually available to users, in the files of government agencies, supplied by arts organizations in connection with the taxation, regulatory or grant-making activities of those agencies. All organizations claiming exemption from Federal taxation are supposed to file annually a Form 990 with the Internal Revenue Service; that form contains a fair amount of financial information.

All tax-exempt organizations soliciting contributions in New York State are supposed to file annual reports with the New York State Board of Social Welfare, with even more financial information for the larger such organizations. Both of these reports are public records. They are not tabulated in any way by the respective government agencies and, apparently, are filed in ways that would make it difficult for would-be users to do their own tabulating.

It is understandable that taxing and regulatory agencies, with no particular responsibility for the arts, do not use their own budgetary resources to tabulate data on the arts from the raw material on hand. Therefore, a more likely potential source of arts data tabulated from raw material on hand is the Arts Endowment itself (and the state arts agencies, like the New York State Council on the Arts, whose grant-making involves a very large fraction of all arts organizations in a given state). In fact, for most of the major art forms, the organizations applying to the Arts Endowment represent very large proportions of the finances, employment and output in that art form. For some art forms, Arts Endowment grants are made to a large proportion of all applicants. In Appendix 2-A, the character of the information required of Arts Endowment applicants is discussed; that information is very extensive for the dance, music and theater programs. Thus, the Endowment does possess, in-house, raw material that, if processed, would provide a detailed picture of the finances and economics of a large part of the world of the nonprofit arts-producing organizations. However, there is very little tabulation of this raw material and no

data-processing capability to do more; moreover, the forms required of applicants differ somewhat among the programs and the data are generally either estimates or unaudited actuals.

d. Other Sources

Section F of Table 1 lists a few existing sources of other types of economic data on the arts, notably on private giving and the state arts agencies. These sources have in common a focus on sources of financial support for the arts. Ideally, anyone concerned with the economic state of the arts would like to see a continuing series in which all the sources of funds for the various art forms and types of arts activities are detailed. Table 3 presents, in schematic form, such an ideal.

The fact is that existing data sources permit us to fill in only two of the nine lines in part B of Table 3. Arts Endowment annual reports provide the data for line B.5, and the Business Committee for the Arts surveys provide most of the data for line B.4, on corporate gifts, for three recent years. It is possible, although difficult, for a researcher to pull together data for line B.6, on other Federal government support, from scattered reports on Federal agencies. It is not possible, short of changes in Census Bureau Governments Division data collection, to pull together data on local government support (line B.9); we know that figure only for symphony orchestras, from the ASOL series.

The Giving U.S.A. annuals provide estimates of private giving by foundations, individuals and corporations for "the arts and humanities" as a single total, but no further

Table 3. Sources of Income for the Arts in the United States: A Schematic Summary

Source of funds	Art form and type of arts activity: Museums	Nonprofit theater	Commercial theater	Etc.	Etc.
A. Earned income					
B. Unearned income					
1. Endowment earnings					
2. Foundation grants					
3. Individual gifts					
4. Corporate gifts					
5. Arts Endowment grants					
6. Other Federal government support					
7. State arts agency grants					
8. Other state government support (e.g., from state university budgets)					
9. Local government support					

breakdown, so we cannot complete lines B.2 and B.3 of Table 3. As for state government support, the one-time study of the state arts agencies for fiscal 1974 done by the National Research Center for Arts does provide data on the purposes for which the state arts agencies spent their funds in that year, but the purpose classification is vague, contradictory and confusing, a far cry from the specifications of our Table 3. And there are no data on the arts-supporting activities of other state government agencies, aside from the ASOL series and item F.3 of Table 1, the surveys of the Association of College, University and Community Arts Administrators. However, those surveys do not provide detail by art form and are of very doubtful statistical reliability (see Appendix 2-A).

e. Summary

In the next section of this report, we present a cost-effectiveness ranking of the existing data sources, by source. Before turning to that evaluation, it is appropriate to provide the reader with an impressionistic characterization of the existing data by type of arts activity (rather than by data source), here confining the presentation to the data actually available to users at present. That is, we ignore the raw untabulated data in the files of government agencies and other data whose utilization requires a major research effort by the user. Table 4 shows our characterization: the available economic data on the arts have a modicum of adequacy only for the large nonprofit traditional performing arts organizations, and this almost entirely because of the

Table 4. An Impressionistic Characterization of Existing Data on the Arts Available to Users

(Ranked on a scale of 0-5, in terms of coverage of the universe, data items included and continuity over time:
5 -- excellent
4 -- adequate in nearly all relevant respects
3 -- adequate in some, but by no means all respects
2 -- limited data for some activities, characteristics and time periods
1 -- very sketchy data for a few aspects
0 -- virtually no data)

3	2	1	0
Nonprofit conventional performing arts, large organizations	Commercial theater	Nonprofit traditional performing arts, small organizations	Other (mainly less conventional) performing arts
	Museums	Individual artists	
	Financial supporters of the arts		

Ford, ASOL and TCG series. Otherwise, the data available to users range from the sketchy to the nonexistent.

3. A Cost-Effectiveness Analysis of Existing Data Sources

a. The Expressed Needs of Users of Data

Developers and marketers of new consumer products and services have known for years that potential consumers seldom are able to articulate needs for products and services that do not exist, but once a good product is developed and made widely accessible, consumers become remarkably adept at finding uses for it. This is also true to a considerable extent of economic data: potential users often cannot conceive of any possible need for data that do not exist (or are not accessible, which is close to being the same thing as non-existent), but quickly find applications for newly-available economic data (if those data do satisfy real latent needs). The history of the development and utilization of such fundamental economic data as the national income accounts, the consumer price index and small-area personal income estimates provides repeated demonstrations of this proposition.

Therefore, any inquiry into the needs perceived by potential users of economic data on the arts is likely to understate the extent to which users will in fact exploit newly-accessible data. Nevertheless, it is important to make such inquiries. Presumably, if potential users are able to specify certain data needs even in the absence of a tangible product, those needs must be especially intense. Moreover, simply because economic data on the arts are so much poorer than economic data for other sectors, some users are likely to be aware of the parallel data availability in other sectors and have some idea of how they might be able to utilize comparable data for the arts.

But an important reason for inquiring into user needs of direct relevance here is in connection with our cost-effectiveness analysis of existing data sources. One way of measuring the effectiveness of existing data sources is to compare the information they provide with some ideal standard, established by examination of the kinds of economic data available for other sectors that have been the subject of intense scrutiny over the years by highly sophisticated researchers and policy analysts. Another way of measuring effectiveness is by reference to the presently felt needs of less arcane users, that is, the people who are running programs, operating arts organizations and making legislative decisions. In the formal cost-effectiveness analysis discussed later in this section, we rate existing sources on the basis of their effectiveness for analytical work by professional researchers. At this point, we examine ordinary users' notions about their needs and how existing series satisfy or fail to satisfy such needs.

users' notions about their needs and how existing series satisfy or fail to satisfy such needs.

In the course of this study, potential users were canvassed in two ways. First, a sample of arts councils and arts-producing organizations were approached by a mail inquiry; the results of this inquiry are discussed below. Second, we interviewed, for a variety of purposes, people concerned with the arts in government, foundations and private fund-raising activities. Some of these people are suppliers of economic data on the arts themselves (and, therefore, have some contact with other users), but also are potential users of data they themselves cannot supply.

Most of the people in the second group have some degree of sophistication about policy-making, program planning and/or research. They therefore should be expected to be able to articulate data needs relatively clearly. And they did so in our interviews. Those interviews did not disclose a widespread desire for great amounts of additional data, something that might well have resulted had we interviewed economists and other policy research types. In fact, most of the government, foundation and private fund-raising officials whom we interviewed began with expressions of doubt that there were major unfilled data needs, but continued by pointing out quite specific needs the interviewer recognized. Thus, there was not general agreement that economic data problems in the arts are serious ones: individual interviewers perceived their own needs as the only ones that were not being satisfied.

However, the sum total of those individual needs could be met only with major data collection, tabulation and publication efforts. In Table 5, we present a summary of the data needs expressed by interviewees. The interviewees were asked, or volunteered, both the purposes for which additional or better data were required and the types of data improvements sought. The responses in regard to purpose are a mixed bag. In some cases, interviewees evidently were speculating that the data improvements <u>should</u> be useful in the ways indicated but those interviewees did not feel that they themselves had been severely hindered by the lack of data; these cases include responses to the effect that some

Table 5. Data Needs Articulated by Interviewees

Types of data needs mentioned frequently	Purposes for which data said to be essential: Internal program planning by funding agencies and arts organizations	Legislative advocacy and answering legislative inquiries	Private fund-raising	Policy research
1. Better data on attendance, ticket sales, etc.	X	X	X	X
2. Detail on operating expenses of arts organizations	X		X	
3. Coherent data over time on the government granting agencies' activities	X	X		
4. Data now available need to be more current		X		
5. Data now available need to be more intelligible to the unsophisticated	X		X	
6. Projections of the future financial state of the arts	X	X		
7. Data on small as well as large arts organizations		X		
8. Rigorous input-output data				X
9. Data on the geographic distribution of arts activities		X		
10. Minority participation in the arts		X		
11. Income of self-employed artists		X		X
12. Studies of the economic impact of the arts in the country as a whole or in specific places		X		

organizations other than that of the interviewee should find better data of a given type useful in internal program planning. In other cases, the interviewees indicated real losses due to data deficiencies, like the inability to respond to a particular legislative inquiry.

The order in which the types of data needs are listed in Table 5 is significant. The first five entries are calls for improvements at the margin, in one way or another, in data that now exist and are accessible, at least to sophisticated users. Item 1, the need for better data or attendance, ticket sales and other forms of earned income, was a widely noted problem in our interviews. The deficiencies noted include inadequate differentiation among types of ticket sales and attendees, suspect data on free and reduced-price attendance and duplication (or omissions) of attendance data for touring organizations (i.e., the counting of attendance by both the touring company and the presenting organization, or by neither). Better data on this count were felt to be needed by the arts organizations themselves for their own internal planning, by the fund-granting agencies for program evaluation, to respond to legislative inquiries, to make a case with private sources of funds and for policy research. No other type of data deficiency noted in the interviews was clearly linked to so wide a variety of possible uses.

Item 2, the need for greater detail on the operating expenses of some types of arts organizations as a yardstick for the program planning of individual arts organizations and to make a persuasive case to potential private donors, is

essentially a call for the extension of data similar to that now found in such sources as the TCG surveys to other art forms. Item 3 is something of a surprise: the perception within the Endowment (and to a lesser extent, within the New York State Council on the Arts) that the Endowment's tabulations of and reports on its own grant activities are seriously inadequate for internal planning and for responding to legislative inquiries. A few observers external to the Endowment have been severely critical on this score; the surprise is that the deficiencies are recognized by those within the Endowment with some responsibility for those very deficiencies (the explanation offered is the lack of computer capability). Clearly, data improvements of this type do not entail massive costs.

Nor do data improvements of the kind indicated by items 4 and 5. One interviewee reported legislative dissatisfaction with otherwise satisfactory data that are not up-to-date: data that are a year or eighteen months old may make legislators happy but data that are three or four years old do not. The problem of intelligibility relates to the inability of most people operating arts organizations (other than the very large ones) to utilize existing data for internal planning or for private fund-raising because of the sophisticated form in which many of those data appears. A frequently cited case was that of the Ford Foundation's 1974 study of the finances of the performing arts.

The next three items in Table 5 are data needs that entail considerably more than marginal improvements in the existing supply of statistical information. They are situations in

which some data do now exist, but with major deficiencies. Item 6 is directly related to the governmental policy planning and decision-making process. Long-range budgetary planning is now required of Federal agencies, and projections of the future financial state of the arts are key ingredients in planning future Endowment activities; it is clear to our interviewees that the existing data are inadequate even for very crude forecasting models.

Table 4 in the preceding section of this report characterizes the available data on smaller arts organizations as very inadequate. The Ford Foundation and service organization data series do provide, for all their deficiencies, some continuing, detailed and reasonably up-to-date information on certain types of larger arts organizations but smaller organizations are covered only occasionally and partially. Presumably, information on smaller organizations should be important for program planning; however, our interviewees noted this data need only in connection with legislative advocacy and responding to legislative inquiries (item 7 of Table 5).

Item 8 is something mentioned to us only by research types: the need for data that can help explain <u>why</u> the finances of the arts turn out as they do. Such data include information on employment and wage rates by occupation in arts organizations, other factors of production and detailed output and price measures, all presented in ways that can be linked to the financial magnitudes actually or potentially reported. Existing input-output data are fragmentary, sometimes even misleading and virtually impossible to link with the

financial data, to answer such elementary questions as the sensitivity of consumer demand to increases in ticket prices.

The last four entries in Table 5 are expressions of need for data that simply do not exist, on a continuing basis for any place and on any basis at all for much of the country. For example (item 9), there are a few one-time studies of arts activities for a handful of states and cities and data on the geographic distribution of Federal and state government arts grants, but no regular series on this subject, nor are most of the existing continuing sources of data amenable to geographic breakdowns (except for very crude breakdowns, like New York City vs. all other places). Even the decennial Census of Population provides no usable data on the income of self-employed artists (item11). It is not surprising that our interviewees saw few uses for the data in items 9, 10, and 11 aside from legislative advocacy and responses to legislative inquiries; this confirms the proposition that potential users have difficulty in perceiving all the ways in which nonexistent information might be utilized. Yet it seems evident that there <u>are</u> potential uses, in program planning and in policy analysis, for data of these types. But because such data do not exist, their production will be relatively costly, compared to the costs of improving existing data to satisfy the needs outlined in the first eight items in Table 5.

Item 12 deserves special mention. Our interviewees repeatedly noted the need for studies of the economic impact of the arts, in connection with advocacy, in the sense of

demonstrating that public expenditure for support of the arts is a "good buy." It is virtually impossible to think of any other conceivable use of data of this type, data that are expensive to produce. Moreover, most economists agree that the usual economic impact study is devoid of any real meaning, that in general the economic impact of a dollar of public money spent for the arts is no different from the economic impact of a dollar of public money spent for most other public purposes (and, indeed, is likely to be less in any area that is not a major tourist center). In view of the very limited uses of economic impact studies, their costs and their inherent disrepute, we make no proposals for the conduct of economic impact studies in this report.

Appendix 3-A presents the specifics of our mail survey of arts organizations: the nature of the sample, the letter of inquiry and the actual replies. With a few quite specific exceptions, our respondents did not convey any sense that arts organizations have major unfilled needs for data and did convey some satisfaction with the existing sources they mention (but some did not mention existing sources that would seem highly relevant, which may or may not be a sign that such sources are not used by them). Our correspondents even more frequently than our interviewees spoke of their need for (and actual commissioning of) economic impact studies, apparently to help in both public and private fund-raising. A few spoke of the need for market research specific to their art form and location. One wrote poignantly of the need for comparative information on how others deal with day-to-day management questions.

As for existing data sources, the TCG surveys earned unanimously high praise from the four theater groups among our correspondents; the ASOL surveys were also praised. In both cases, our correspondents noted that these sources were useful for comparisons with other groups and in fund-raising. The Opera America data were mentioned favorably by one of the two opera companies and by one of the theater groups, which also gave good notices to the Project in the Arts survey. But the Ford Foundation data received little mention and the notices were mixed: one favorable mention and one criticism. The ACUCAA surveys were mentioned by two of the three college groups in our survey, once favorably as providing leverage in budgetary negotiations within the University and once unfavorably as lacking in comparability across educational institutions because of lack of clarity in definitions. Not surprisingly, in view of the poor quality of the existing sources of data on museums, none of our museum respondents bothered to even mention those sources.

In summary, the data users with whom we spoke and corresponded expressed views that can be characterized as follows:

1. A fair number either felt no unsatisfied data needs or were unable to articulate those needs; most specified some unmet needs but only a few saw data problems as serious ones.

2. By and large, the data problems noted that require fairly major new efforts concern information that is perceived to be needed almost entirely in connection with advocacy (e.g., economic impact studies), rather

than for program planning or day-to-day management.

3. Only a few of the existing data sources appear to have wide use in the world of the arts, notably the use of the better service-organization-generated data by arts institutions within that specific art form. This strengthens the point that an important component of any data improvement program should be an effort to make the available data more accessible and intelligible, to interpret and publicize those data.

b. The Costs of Producing the Existing Data

In this study, a significant effort (that proved to be only partly successful) was devoted to ascertaining or estimating the producer and respondent costs involved in the existing data sources. One reason for doing so was to permit an overall appraisal of the existing sources: do the most useful series also entail commensurately high costs, or are there useful series that are relatively cheap to produce? A second reason for this line of inquiry was to provide a basis for the recommendations for data improvement: we had no intention of recommending absurdly expensive data improvements.

Appendix 3-B contains the limited information we were able to assemble on costs. Three main conclusions emerge from that information. First, the total amount now being spent to generate continuing economic data on the arts is not a huge figure, perhaps no more than $250,000 annually (by producers) for all the various recurring series combined. Second, some of the most useful and used series, notably those of the performing arts service organizations covering a single art

form, are quite inexpensive. But third, the very high costs of the various one-time efforts that attempt to reach activities, organizations and art forms not covered by existing series, or to establish a high-quality broad-coverage series from scratch, suggest that the total producer costs of an economic data series that would score a 4 or 5 for all major sectors of the arts, in terms of Table 4, will be considerable, perhaps three or four times the amount now being spent annually for the recurring series.

In Appendix 2-A, twenty-seven existing sources of data on the arts are described in detail. Six of these were one-time studies; we have secured cost data for two of these six. The other twenty-one are recurring series, or sources (like the Ford Foundation) providing multi-year data. We were able to secure some type of cost data, or information that would permit crude appraisals of costs, for fifteen of these twenty-one.[10/] The information contained in Appendix 3-B about the costs of these fifteen is summarized in Table 6. It must be emphasized that all of this information is partial; that our informants were asked to make crude guesses if necessary; and that the conversion of all costs into person-years grossly oversimplifies the picture.

Table 6 makes it clear that the costs of the existing recurring series on the performing arts (section II of the table) are modest as far as data-producers are concerned, although we deem a questionnaire that requires two or three days of a respondent staff person's time to be costly to

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[10/] Five of the six exclusions are standard Federal government statistical series; the sixth is Best Plays.

Table 6. Summary of Available Estimates on Costs of Existing Multi-Year Data Sources[a]

Data source	Producer costs, in person-years, for one year's data	Respondent costs, per respondent[b]
I. Standard Federal government statistical series		
National Income Accounts	0.01[c]	zero marginal costs[d]
Current Population Survey	0.08[c]	zero marginal costs[d]
II. Data on performing arts organizations		
Ford Foundation	3.0(3 yrs.'data)	1-2 days
American Symphony Orchestra League	0.5	high
Opera America	0.13	1 day
Central Opera Service	0.12	N.A.
Theater Communications Group	0.25	2-3 days
Variety	0.08	negligible
Association of American Dance Companies	0.04	1 hour
Project in the Arts	0.29	2 hours
III. Raw data in government agency files		
IRS	6.7[c]	zero marginal costs[d]
Arts Endowment	less than 0.2[c]	low
IV. Other data sources		
Business Committee for the Arts	3.5	high
Giving USA	0.02[c]	low
Association of College, University and Community Arts Administrators	1.75	N.A.

N.A. -- Not available

[a]Adapted from Appendix 3-B. Excludes all series for which no information available or estimates possible.

[b]"High" means in excess of 1 day's work a year by a respondent; "low" means less than ½ day's work a year by a respondent.

[c]Incremental costs incurred to provide arts data per se.

[d]No additional costs incurred by respondent to provide arts data; respondents provide information for regulatory or other statistical purposes.

respondents. However, it must be noted that aside from the special case of the Ford Foundation discussed below, those series are relatively narrow in coverage, being confined to the larger organizations in a single art form or a small sample (Project in the Arts) of several art forms; the least costly of these series are also unambitious in content (e.g. Variety). Thus, these cost data do not indicate how expensive much more ambitious efforts might be.

The highest producer cost entry in Table 6 concerns the use of IRS Form 990; the costs are those involved in retrieving and supplying copies of the forms to individual inquirers, and it is a high-cost operation in part because it is entirely unsystematic. The use of Arts Endowment internal data is not costly, simply because there is so little use of these data for statistical purposes.

We were able to obtain very limited information on the costs of the arts components of standard Federal government statistical series. We were told that making the annual estimates of personal consumption expenditures for the performing arts in the national income accounts took about twenty hours of staff time, and that culling data on the arts from Current Population Survey worksheets took about four weeks of professional and clerical staff time. In a very real sense, there are no incremental costs involved, in behalf of the arts, when a general-purpose Federal statistical series designed to cover a broad range of economic sectors also yields data on the arts in a form and in detail that is no different than the format used for everything else. Thus,

it is difficult to ascribe any costs at all to the arts coverage in the Census of Population, County Business Patterns, the Consumer Expenditure Survey or much of the Census of Business. On the other hand, the 1972 Census of Selected Service Industries did employ a distinctive questionnaire and tabulation for the performing arts, for which there were real resource costs.[11/]

Table 6 shows a figure for the costs of the Ford Foundation data that is meant to indicate the producer costs of the second-round of data (for the 1971-72 through 1973-74 years), after the initial 1966-67 to 1970-71 data had been gathered, tabulated and published. The initial study cost roughly $1 million; that figure suggests the high start-up costs of a new series that is ambitious in its coverage both of art forms and in the detail sought. The high costs of the Museums U.S.A. one-time study is similarly suggestive of what is entailed in an ambitious undertaking. The annual costs of such data drop sharply once the initial effort is made. However, it is clear that the annual maintenance costs of a series that covers all major performing arts forms and museums in detail at least as great as that in the ASOL or TCG surveys would be a fairly large multiple of the $50,000 or so now being spent annually for the performing arts series (other than Ford) listed in Table 6.

[11/] We do not assign shares of overhead costs of non-arts data series to the arts items in those series. If the costs in question are truly overhead costs, then those costs are not increased by adding data on the arts and should not be considered a true cost of such additions, assuming that the basic series would continue with or without arts data.

c. The Formal Cost-Effectiveness Analysis

In order to complete our evaluation of existing data sources, we developed a scheme for ranking the various sources on grounds of effectiveness. As detailed in Appendix 3-B, we employed six criteria of effectiveness: data items covered; coverage of the universe; continuity over time; statistical quality; accessibility to users; and non-duplication of other sources. Each source was characterized with respect to each criterion; the criteria were assigned weights; and a composite score, expressed in terms of "excellent" through "poor," was calculated. However, we think it inappropriate to compare sources that are wholly dissimilar in scope and purpose. Therefore, we divided all the sources evaluated into three groups. The first, labeled "broad-gauged," includes data sources that can or attempt to provide primary data on several different art forms simultaneously. The second includes data sources confined to a single art form. The third is an "all other" category, mostly sources concerned with providers of funds for the arts.

Table 2 of Appendix 3-B shows the summary ratings of the various sources in terms of effectiveness for relatively sophisticated and intensive analytic work (measured against an ideal that does not exist for any existing arts data), by three quality groups, "outstanding," "mediocre" and "very poor." We consider very few series to be "outstanding": the Ford Foundation data, ASOL, TCG, Business Committee for the Arts and the data for motion pictures provided in the various

components of the quinquennial economic censuses.[12/] Even these "outstanding" series have deficiencies: the Ford series ends with data for 1973-74 and there are major obstacles to linking the operational data (on "effective factors") to the financial data, for example.

The middle quality group, pejoratively labeled "mediocre," combines two types of sources: first, data sources that, although promising, suffer from serious disabilities; and second, data sources that are inherently of limited use but have one or two attributes valuable to analysts. The latter group includes most standard general-purpose Federal government statistical series. For example, there are few respects in which the arts data in County Business Patterns are satisfactory: the only data items provided are employment and payrolls and these data are provided for a very poorly-defined universe. Nonetheless, this source is the only one that provides even a crude and imperfect picture of the geographic distribution of arts employment.

A few of the promising, but flawed, sources we have placed in the middle quality group deserve mention. The Census of Selected Service Industries data on the performing arts (beginning in the 1972 Census) is downrated in large part because there is a major question whether the census actually

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12/ We have not considered it part of our charge to consider in detail economic data on activities and sectors that are partly within, partly outside the arts, including (in addition to motion pictures), broadcasting, book publishing and the production of recorded discs and tapes. However, because we did examine economic census coverage of the performing arts, we looked at the treatment therein of motion pictures. Because the industry is large, well-established, with relatively clear-cut boundaries and operated largely on a for-profit basis, it is very well covered by the economic censuses.

reached more than a small proportion of all performing arts organizations that admitted the general public, on the basis of paid admission, to performances, the intended universe; there is also some question about the reliability of the nonprofit/for-profit distinction in that source. Museums U.S.A. is an excellent study in some respects but as a one-time study, it has no continuity over time (and cannot be reliably linked to other one-time studies of museums because of differences in definition); moreover, because the basic data produced by this publicly-funded study are, strangely, the closely-guarded property of a private organization, they are not readily accessible for intensive analysis by researchers in general. The Opera America data series is downrated because its coverage of the universe of professional opera is only fair, and there have been difficulties with both statistical quality and access in some years.

Then there are the sources characterized as "very poor." Salient examples include the Arts Endowment's potentially usable data from grant applications (and supporting schedules), here considered very poor mainly because these data are not now tabulated at all, and therefore are unusable at present for statistical purposes, although they provide excellent coverage of highly relevant segments of the arts world. The Central Opera Service series cover very few data items. Giving U.S.A. provides no detail at all on private giving to the arts, only a single global estimate. The ACUCAA surveys offer only a few data items (some of which are badly defined), the universe they cover is mysterious and the statistical

quality of the results may be the poorest of any of the sources we examined.

In the previous subsection of this report, we noted that we were not able to obtain any information on costs whatever for some of the data sources. Therefore, our formal cost-effectiveness matrix could be completed only for sixteen data sources, fourteen of them multi-year or recurring series and two of them one-time studies.[13/] Tables 4 and 5 of Appendix 3-B present the matrix. Those tables are summarized in Table 7, which includes only the sources rated in the top two quality groups, i.e., excluding those described as "very poor."

Several conclusions can be drawn from Table 7. First, the best data sources are not cheap to producers, but it is entirely possible to spend a lot of money to produce arts data that are far from outstanding in effectiveness. Second, any data source that strives for high effectiveness and relies upon special-purpose questionnaires completed by arts organizations is likely to involve relatively high costs to respondents. Respondents who can see clearly the utility of the data source to them, like the ASOL and TCG members and the corporations who contribute to the arts, probably are willing to bear those costs cheerfully, but respondents who cannot will be reluctant suppliers of data, imposing on producers significant costs for follow-up, and sometimes not responding at all. The experience with broad-gauged data efforts (like Ford) or efforts to reach

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13/ Table 6 lists fifteen multi-year sources for which we have some cost information. One of these, the survey by the Association of American Dance Companies, is not included in the cost-effectiveness analysis because the results of its first survey have yet to be published.

Table 7. Summary of Cost-Effectiveness Rankings of the Better Data Sources[a]

	Effectiveness	Producer costs	Respondent costs
Sources covering several types of producers of the arts			
Ford Foundation	"Outstanding"	High	High
Project in the Arts	"Mediocre"	Medium	Low
Current Population Survey	"	Low	Low
National Income Accounts	"	Low	Low
IRS Form 990	"	High	Low
Single art-form sources			
ASOL	"Outstanding"	Medium	High
TCG	"	Medium	High
Opera America	"Mediocre"	Low	Medium
Variety	"	Low	Low
Museums U.S.A.	"	High	High
Sources of arts funds			
Business Committee for the Arts	"Outstanding"	High	High
State arts agencies study	"Mediocre"	High	High

[a]See Appendix 3-B for fuller explanation. Excludes sources whose effectiveness is rated as "very poor" and all sources for which no cost information is available.

large numbers of small organizations suggests that the positive response of ASOL and TCG members is the exception, not the rule.

Obviously, there is some trade-off between costs and effectiveness. But there may be some trade-off between producer and respondent costs (although the evidence in Table 7 hardly makes a convincing case that the trade-off is important in the existing data series), a trade-off that could be exploited. That is, a producer of arts data can minimize respondent costs by relying upon data supplied by arts organizations for other purposes, rather than special surveys, but this approach appears likely to impose high costs on the producer of the data. In the recommendations in the following section, we suggest that this particular trade-off may be the right policy for the Arts Endowment.

4. Recommendations for Data Improvements

Despite the fact that many people in the arts world do not see the lack of economic data as a problem of major proportions, we believe that the case for increasing the expenditure of Federal government funds to improve the economic data on the arts is an extremely strong one. There are unmet data needs articulated by users that are of consequence for program planning and for legislative policy-making. It is clear that the existing sources of data are highly deficient for nearly all policy-analytic purposes and do not permit the analyst to answer the most elementary questions about the economics of the arts and the impact of Federal arts policy.

Thus, we assume that the question now to be addressed is not whether data improvements should be made, but rather which data improvements, subject to some overall budgetary constraint. It is not for us to set that constraint. However, it should be noted that direct public subsidy of the arts, that is, grants made by all levels of government and all agencies within each level, probably will amount to a total well in excess of $300 million in calendar 1977 and that the taxes foregone by exempting gifts and bequests to the arts from Federal, state and local income and wealth transfer taxes may amount to a total that is twice as much as the direct subsidy total. That is, public treasuries are probably aiding the arts, in one way or another, by close to $1 billion annually. Thus, a comprehensive program for the production and dissemination of economic data on the arts costing $1 million annually would

amount to roughly 0.1 percent of public aid to the arts.[14/]

The primary target for the data improvement effort should be the development of a system of recurring, reliable and fully comparable statistics on the finances, inputs, outputs and prices of each of the art forms for which production is done through organizations (rather than on a highly individualistic, largely self-employed basis). The secondary targets include the improvement of data on individual artists' employment and income and data on public-sector arts activities. Improved data on arts organizations are seen as the primary target not because individual artists' activities are unimportant but because, necessarily, the great bulk of artistic production is done through organizations and the great bulk of public funds devoted to the support of the arts must take the form of grants to arts organizations.

The implementation of a data system covering arts organizations entails the choice among conceivable alternatives in a number of different respects. The first set of choices concerns the art forms and organizations to be covered by the system:

1. It is obvious that any data system worth having must adequately cover the major conventional types of art organizations -- symphony orchestras, opera companies, dance companies, theater, art museums. Beyond this, however, there are choices to be made:

[14/] This is approximately the current relationship between the budgetary costs of all Federal statistical programs and total expenditure by all levels of government (roughly $600 billion at annual rates in early 1977).

(a) For some less conventional art forms, like expansion arts and filmmaking, organizations account for only a limited proportion of artistic activities and the organizations tend to be small and expensive to reach. How important is it to reach them?

(b) Should presenting and sponsoring organizations also be covered, despite the obvious danger of double-counting?

(c) What about coverage of museums other than art museums, in the light of (i) the existence of multi-purpose museums vs. (ii) the Arts Endowment's special concern for the arts as such?

(d) Symphony orchestras account for the bulk of the economic magnitudes (income, expense, attendance) for "serious" music, but not all. Should there be coverage of smaller ensembles and organizers of solo recitals?

2. Within any specific art form, should there be a size cut-off, for some data, all data or with regard to frequency of collection?

3. Other types of differentiation are conceivable within any art form: professional versus non-professional; for-profit versus nonprofit; governmental versus non-governmental; organizations with and without paid employees or paid admissions. Which of these differentiations are important in designing the system?

Once the basic choices with regard to coverage of organizations have been made, the system designer must make decisions about data items and frequency:

4. The subject matter covered and the detail sought clearly are primary determinants of cost and reliability. Which data items should be sought from all organizations, which from only some organizations (presumably, the larger ones)? Which data items need to be collected very frequently, which only occasionally? Should the effort begin modestly, with a limited list of data items to which others are added over time, or should an optimal list of data items be requested from the start?

5. The frequency question, as point 2, above, suggests, concerns not only data items but also organizational coverage. Is it essential that there be an annual series covering the entire spectrum, or can some organizations or art forms be satisfactorily covered at a lesser frequency (e.g., every five years)? Conversely, is there reason to collect some data quarterly or semi-annually?

Finally, there is a set of decisions to be made about the mechanics of the system:

6. The most economical way to collect data is by sampling, rather than attempting to include all organizations, but with a sample that does include all larger organizations. However, sampling has a cost: it produces data that are less amenable to disaggregation, particularly on a geographic basis. Moreover, given the lack of knowledge about the characteristics of the universe of smaller arts organizations, it is difficult to

design statistically reliable sampling procedures. Presumably, therefore, universe coverage, rather than sampling, is necessary at some interval.

7. To what extent can the system rely upon data collected as a by-product of reports supplied for other purposes (e.g., Arts Endowment grant applications), versus questionnaires developed specifically for this statistical system?

8. Who should operate the program? Should it be done entirely by the Arts Endowment, or should the art service organizations play a role? Is there a role for the statistical agencies of the Federal government?

The Recommended System

In summary, the features of the economic data system for arts organizations that we recommend, along with the plausible alternatives to the features, are as follows (a full discussion of advantages and disadvantages and specific details will be found below):

A. Coverage and frequency

1. Large arts organizations (essentially, all fully professional organizations in conventional art forms): universe-based tabulated and published detail at least equal to that in the Ford Foundation surveys, annually.

Option: None; this is an essential building block for any system.

2. Smaller organizations and unconventional art forms: sample-based annual estimates for selected financial and operational totals, designed to yield nationwide totals of income, expense, employment and attendance (with limited detail

within those categories) for all the arts combined and for individual major art forms.

Options:

(a) No annual data at all for smaller organizations.

(b) Annual universe-based data (permitting geographic disaggregation), but with limited detail, for selected types of smaller organizations, e.g., in conventional art forms.

(c) Annual sample-based data (not permitting refined geographic disaggregation) in some detail, for selected types of smaller organizations.

Note: we do not consider an annual universe-based series with considerable detail for all arts organizations (as provided for the larger organizations in 1, above) to be a feasible option.

3. Universe-based detail for all arts organizations every five years, to provide benchmarks for the annual estimates in 2, above, and to provide considerable geographic disaggregation.

Option: No attempt made even every five years to cover all organizations and art forms, but confine the quinquennial effort to selected types of smaller organizations. Conduct occasional special surveys to assure that major gaps in the system are not emerging (e.g., as individualized art forms become more dominated by arts organizations or as new art forms develop); if such gaps appear, expand the quinquennial effort.

4. No effort to collect data more frequently than once a year, but continue "flash" surveys of the Project in the Arts type in order to provide information on annual trends that is very up-to-date.

Option: Collect quarterly or semi-annual information from a small sample of (mostly large) organizations, to spot trends at a very early date.

B. Mechanics

1. Rely heavily on the tabulation of raw data in grant applications (and supporting schedules) to the Arts Endowment -- after making those schedules uniform among programs -- as the basic source of annual data for the non-profit arts.

Option: Use a separate special-purpose questionnaire to collect these data.

2. Conduct an annual survey of the commercial theater's "large organization" side (i.e., Broadway and the Road) to provide detailed information on this sector.

Option: None; there is no practical alternative to a special survey and data on the commercial theater are essential to the data system.

3. Rely upon the Census of Selected Service Industries, suitably improved, to provide most of the quinquennial data for smaller organizations, supplemented by special-purpose surveys only for those arts organizations excluded from Census coverage even after that coverage has been appropriately expanded.

Option: Use a separate special-purpose questionnaire to collect these data.

4. Employ the service organizations only in a limited capacity, notably to encourage member response and assist member organizations in completing forms, but supply service organizations with copies of members' submissions (if such members agree) for their own use and dissemination of specialized information applicable only to a specific art form.

Option: On the basis of Endowment-prescribed questionnaires and processing formats, contract with the service organizations that have demonstrated data-generating capabilities to collect and process questionnaires from members.

Note: we do not consider it a feasible option for the Endowment to delegate the entire responsibility for the data system to a private nongovernmental firm; quite apart from the problem of assuring public ownership of and access to all the product, professional expertise in data generation is heavily concentrated in the Federal government.

Data items. Table 8 displays, in considerable detail, the data items we recommend for inclusion in the "recommended system," that is, the preferred alternatives in the above description. The options listed above, if selected, would affect the second and third columns of Table 8, that is, the coverage of smaller organizations and less conventional art forms, and would also affect the mechanisms by which the data items are to be collected and tabulated. However, in our view, the data items in column (1) of Table 8, to be tabulated for the larger organizations in conventional art forms annually, are the essential starting point of an adequate economic data system.

A few points concerning Table 8 deserve special mention. First, the treatment of income from government sources in our scheme differs from that in the Ford, ASOL and other series. We recommend that all income from government sources be reported in one place, classified by granting agency or level of government, regardless of whether that income is for a specific service or general support. The convention heretofore has been to divide government-source income into payments for services, shown as an element of "earned income," and grants and contributions, shown as an element of "unearned income." This sounds reasonable but in practice leads to confusion, errors in reporting and thoroughly misleading statistics. The basic difficulty is that, for many government grants, the distinction between services income and other income is far from self-evident. It would be necessary to supply resondents with an exhaustive list of conceivable government grants to assure consistency in making the distinction, which seems impracticable as well as an onerous burden on respondents. Moreover, it is not clear that the distinction has any real meaning in many cases. Most large performing arts organizations appear to view Arts Endowment grants as technically for projects but in essence general support.

Second, the scheme provides for the reporting of only limited detail, even at five-year intervals, on earned income and attendance of smaller organizations (see column 3 of Table 8). It may be that more detail is essential for organizations that are presenters of attractions of other organizations, but not themselves arts producers, especially for dance. There is,

Table 8. Data Items in the Recommended System of Economic Data on Arts Organizations

Data item	Frequency, type of organization and source of data: Annual, all larger organizations in conventional art forms	Annual, sample of smaller groups and less conventional forms	Every five years, all arts organizations
A. Operating income, total	*	**	***
1. Earned income from nongovernmental sources	*	**	***
a. Admissions to the organization's own exhibitions and performances	*		***
DETAIL (Exhibit I)	*		
b. Other income earned from sale of the organization's primary services	*		***
DETAIL (Exhibit II)	*		
c. Earned income from auxiliary activities and miscellaneous	*		***
DETAIL (Exhibit III)	*		
2. Private grants and contributions	*	**	***
a. Individuals	*		***
b. Business	*		***
c. Local and community foundations	*		***
d. National foundations	*		***
3. Income from government sources[a]	*	**	***
a. Municipal, county, school board	*		***
b. State arts agency	*	**	***
c. Other state government	*		***
d. National Endowment for the Arts	*	**	***
e. Other Federal government	*		***

Table 8 (cont.'d)

Data item	Frequency, type of organization and source of data: Annual, all larger organizations in conventional art forms	Annual, sample of smaller groups and less conventional forms	Every five years, all arts organizations
4. Other income, excluding transfers from capital funds	*	**	***
a. Investment income	*		
b. Proceeds from sales of assets applied to operations	*		
B. Operating expenses, total	*	**	***
1. Personnel costs[b]	*	**	***
a. Artistic, professional and production	*		***
DETAIL (Exhibit IV)	*		
b. Administrative/supervisory	*		***
c. Maintenance and supporting	*		***
DETAIL (Exhibit V)	*		
2. Non-personnel costs	*	**	***
a. Facilities costs	*		***
DETAIL (Exhibit VI)	*		
b. Fund-raising	*		***
c. Other costs	*		***
DETAIL (Exhibit VII)	*		
C. Annual net operating income or loss[c]	*	**	***
D. Capital accounts			
1. Beginning of year balance, total	*		
a. Endowment	*		
b. Accumulated surplus or deficit	*		
c. Other capital and restricted funds	*		

Table 8 (cont.'d)

Data item	Frequency, type of organization and source of data: Annual, all larger organizations in conventional art forms	Annual, sample of smaller groups and less conventional forms	Every five years, all arts organizations
2. Changes during year, net	*		
a. Endowment funds used for operations	*		
b. Endowment gifts and change in asset values	*		
c. Changes in accumulated surplus or deficit due to operations	*		
d. Gifts for capital and restricted funds	*		***
e. Capital expenditures: land, buildings and equipment	*		***
f. Capital expenditures: acquisition of collections (net)	*		***
g. Other expenditures and transfers from capital and restricted funds	*		
3. End of year balance (Detail as in beginning of year)	*		
E. Operations data			
1. Attendance			
a. Total paid admissions to the organization's own exhibitions and performance	*	**	***
DETAIL(Exhibit VIII)	*		
b. Other attendance data			
DETAIL (Exhibit IX)	*		***
2. Performances (performing arts organizations only)			
a. Performances of own organization, total	*	**	***
DETAIL (Exhibit X)	*		

Table 8 (cont.'d)

Data item	Frequency, type of organization and source of data: Annual, all larger organizations in conventional art forms	Annual, sample of smaller groups and less conventional forms	Every five years, all arts organizations
b. Performances of sponsored attractions	*		***
3. Prices			
DETAIL (Exhibit XI)	*		
4. Number of employees, total	*	**	***
a. Artistic, professional and production employees	*		***
DETAIL (Exhibit XII)	*		
b. Administrative/supervisory	*		***
c. Maintenance and supporting	*		***
5. Wage and salary rates, weekly			
DETAIL (Exhibit XIII)	*		
6. Facilities (museums only)			
a. Floor space	*		
b. Value of land, buildings and equipment	*		
c. Value of collection	*		

Table 8 (cont.d)

Exhibits

These exhibits indicate the detail to be requested in the annual series for larger organizations. The detail differs among art forms; the specific survey instrument for any given art form presumably will omit any data item that is wholly inapplicable to that art form (e.g., government grants to the commercial theater). The major distinction, shown in these exhibits, is between museums and the performing arts.

I.
Museums:
1. General admissions
2. Admissions to special exhibitions
3. Admissions to lectures, films, etc.

Performing arts:
1. Main season subscription ticket income
2. Main season single ticket income
3. Main season student ticket income
4. Ticket income from other performances of the organization

II.
Museums:
1. Income from community services and membership activities
2. Tuition for educational services

Performing arts:
1. Income from contract services of the organization (nongovernmental)
2. Income from recordings, film, radio, TV and subsidiary rights
3. Income from education and training activities.

III.
Museums:
1. Museum shop sales
2. Restaurants, parking lots and miscellaneous

Performing arts:
1. Income from sponsored attractions
2. Miscellaneous non-performance income.

IV.
Museums:
1. Curatorial
2. Research
3. Educational

Performing arts:
1. Performing artists paid on a weekly or seasonal basis
2. Performing artists paid on a per service basis, other than guest artists
3. Guest artists
4. Non-peforming artistic and production personnel

V.
Museums:
1. Security
2. Other

(No further detail for performing arts)

Table 8 (cont.'d)

VI.

Museums and performing arts (same detail)

1. Rental or mortgage payments
2. Utilities
3. Depreciation
4. Maintenance and other

VII.

Museums:

1. Transportation and shipping
2. Insurance
3. Publications
4. Program services (non-personnel expense)
5. Other

Performing arts:

1. Scenery, costumes, light and sound
2. Travel expense
3. Other

VIII.

Museums:

1. General admissions, full rate
2. General admissions, student
3. Admissions to special exhibitions with separate charges
4. Paid admissions to lectures, films, etc.

Performing arts:

1. Main season subscription attendance
2. Main season single ticket attendance
3. Main season student attendance
4. Attendance at other performances of the organization

IX.

Museums:

1. Estimated free and donation-requested admissions
2. Number of tuition-paying students
3. Number of members

Performing arts:

1. Estimated attendance at free performances
2. Estimated attendance at contract performances for which admission is charged
3. Attendance at sponsored attractions

X.

Performing arts:

1. Performances, main season, where admission is charged
2. Performances, other, where admission charged by organization
3. Performances, free
4. Other contracted performances

XI.

Museums:

1. General admissions, regular
2. General admissions, student
3. Other reduced rate general admissions

Table 8 (cont.'d)

4. Special exhibition prices, regular
5. Special exhibition prices, student

Performing arts:

1. Subscription ticket prices per performance, range
2. Single ticket prices per performance, main season, range
3. Student ticket prices per performance, main season, range
4. Single ticket prices per performance, other than main season, range
5. Single ticket prices per performance, sponsored attractions, range.

XII.

Same detail as in Exhibit IV, personnel costs

XIII.

Museums:

Same detail as in Exhibits IV and V.

Performing arts:

1. Performing artists paid on a weekly or seasonal basis
2. Non-performing artistic and production personnel
3. Administrative/supervisory
4. Maintenance and supporting

Key to source symbols:

* Arts Endowment applications data; commercial theater survey

** Arts Endowment applications data supplemented by limited special surveys (including surveys of small organizations in commercial theater)

*** Census of Selected Service Industries supplemented by limited special surveys

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Notes

[a]Includes services income as well as grants and contributions, but only services income to the organization itself, not to an independent sponsor or presenter.

[b]Ideally, all fringe benefit and payroll tax costs should be allocated to the various detail categories. However, it may be more feasible to ask for these costs in one lump-sum for all employees.

[c]Before transfers from capital funds.

as noted earlier, a problem of both double-counting and undercounting, which may be surmountable only if both presenting and producing organizations report detailed data.

Third, the treatment of capital accounts in Table 8 is less concrete than the treatment of other data items. That is, Table 8 shows the capital accounts in conceptual terms, not necessarily in terms that precisely match the accounting practices considered appropriate for nonprofit organizations, much less the actual existing accounts of arts organizations. We show the detail that analysts seek, but the accounting conventions may dictate a somewhat different--and considerably more aggregated--format. It should be noted that the only information on capital accounts sought from smaller or nonconventional organizations is data on gifts and expenditures for capital purposes, but even these limited data may not be essential.

Fourth, the detail specified for operations data (section E of Table 8) closely matches that specified for operating income and expense, by design. The idea is twofold: (1) to provide data on attendance, prices, employment and salaries that can explain changes in the financial magnitudes; and (2) to provide some internal consistency checks on the operations data, by matching them against the relevant financial data.

Take as an example the data on ticket income, attendance and ticket prices for performing arts organizations. The detail on ticket income specified in Exhibits I and III (in the latter, item 1, from sponsored attractions) matches that specified for attendance in Exhibits VIII and IX and for ticket

price ranges in Exhibit XI. Ticket income divided by attendance yields, for each of the separate categories of ticket, an indicated average ticket price. In computer editing of the data forms, the indicated average ticket price could be compared to the reported ticket price range; if the average falls outside the range, there is clearly a problem to be explored with the respondent. More importantly, all this detail in combination, when tabulated, would permit conclusions on the following: the extent to which an increase in ticket income is due to rising prices rather than rising attendance; whether prices are rising mostly at the top of the ranges, or throughout; which classes of ticket sales are changing most; and the apparent elasticity of demand with respect to price for the different classes of tickets. In addition, the data on number of performances provide another dimension to the attendance and ticket income information.

Similarly, the data on personnel costs, number of employees, average weekly salaries and number of performances permit conclusions about labor inputs and their costs that can be derived from no combination of existing data sources. It is important to recognize that less disaggregation with regard to any of these characteristics will sharply reduce the analytic value of the data series. The Ford Foundation surveys contain only slightly less detail, but that is enough to preclude the calculation of intelligible trends in wage rates and prices from the Ford data.

Options: Pro and Con

Coverage of smaller organizations. The recommended system involves detailed annual data for a universe described as large organizations operating in conventional art forms. More precisely, we mean all of the 850 or so organizations that apply for Endowment grants in the orchestra, opera, theater and dance programs, all (or possibly, only the larger) applicants in the museum program and the commercial theater. This definition excludes three types of arts organizations: (a) orchestra, opera and theater companies with budgets below the minimums specified for Endowment eligibility for those programs; (b) organizations in these fields eligible to apply for Endowment grants but which do not, for one reason or another; and (c) organizations operating in other fields, which for the most part are relatively small in budget size. There are a fairly large number of organizations that fall into categories (a) and (b), notably in theater, mostly organizations with very limited professional staffing and tiny budgets. Endowment applicants in these fields thus comprise a very large share of any dollar totals for the art form, so it is not terribly important to extend statistical coverage to the small outlyers. But neither is it expensive to do: there are more or less reliable lists of the organizations in question and they are homogeneous enough in their activities to permit small samples to produce statistically reliable results.

There is much more difficulty in extending coverage to other art forms.[15] Candidates for such coverage include jazz, folk and ethnic music groups; "serious" music organizations other than symphony orchestras; film and video centers; arts centers and festivals; small presses and literary magazines; and the many different types of art service organizations. These groups are difficult to cover for several reasons. First, they are frequently hard to locate and identify, because they are mostly small, often short-lived and without well-developed networks of institutional ties. Second, because they are so heterogeneous, a very small sample is not statistically reliable.[16] Third, the heterogeneity makes it hard to devise standard reporting formats that are at all informative. Museums and traditional performing arts groups are organizations that hire artistic professionals (and other staff) and engage in the production of well-defined artistic outputs. But the other types include organizations that do neither; instead, they may act as sponsors of the artistic productions of other organizations, provide facilities for artistic output or offer a variety of supporting services. Finally, many of these groups are active in art forms in which artistic output is dominated by individual artists, rather than organizations and so statistics on the organizations say very little about the art form as a whole.

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[15] Another difficult-to-cover category is the for-profit sector, in art forms other than the theater. However, we assume that the commercial theater (which itself is difficult to cover) is the only for-profit art form to be covered.

[16] The reliability of an estimate based on a sample is directly proportional to the size of that sample and inversely proportional to the variance in the universe from which the sample is drawn.

Nonetheless, we believe that there is a case for attempting to collect data on and make estimates of some aggregates for the entire universe of the nonprofit arts plus the commercial theater, for two principal reasons: first, the smaller and less traditional organizations are the arts in some parts of the country and thus fine-grain geographic breakdowns will be misleading without this coverage; and second, over time an economic data series confined to the large and traditional organizations may become increasingly unrepresentative and, without some relevant data, this will be hard to ascertain. Our recommended system includes annual estimates, based on a sampling, of a small number of data items for these types of organizations (column 2 of Table 8 and A.2 in the text, above) and a five-year census with considerably more detail (column 3 of Table 8 and A.3 in the text, above).

We believe that the sample-based annual estimates are worthwhile, but only marginally so; if budget constraints are severe, this is the first element of our recommended system that should be excluded (option A.2.a). Feasible alternatives for annual coverage include striving for more opportunity to provide geographically-disaggregated data, which requires either a very large sample or universe coverage (option A.2.b) or trying for more data-item detail on an annual basis, with no geographic disaggregation (option A.2.c). However, either of these alternatives would entail confining the annual effort to selected types of smaller organizations, presumably only those in traditional art forms, if the cost and other obstacles are not to be greatly increased. The

trade-off among the three attributes -- data-item detail, geographic detail and art-form coverage -- is indicated schematically in Table 9; the three options shown probably have costs that are roughly comparable.

Some type of periodic census is highly desirable, for the reasons given earlier. A cost-saving option to the recommended census is to confine it to selected types of arts organizations, notably producing organizations and presenting organizations, thereby excluding organizations with activities limited to the provision of services and facilities to artists and other arts organizations. However, it may be difficult to make this distinction in practice.

Intra-year data collection. It would be possible to collect semi-annual or even quarterly data for a small sample of larger organizations, notably data on attendance and box office receipts, at fairly low cost. However, because the seasonal characteristics of the various art forms differ, the interpretation of such data aggregated across art forms would be hard. We recommend, as the preferred alternative, continuation of surveys of the Project in the Arts type, but emphasizing up-to-date annual data rather than part-year data.

The use of Arts Endowment grant applications. A very large percentage of the total income, expenditure and physical operations of all nonprofit organizations professionally engaged in orchestral music, opera, dance, theater and museums is represented by applicants for Endowment grants. The grant applications require a good deal of information of the type specified in Table 8, and the supplementary information forms required by several Endowment programs include even

Table 9. Conceivable Annual Series Covering Smaller Organizations

	All types/art forms		Few types/art forms	
	Few data items	Many data items	Few data items	Many data items
Sample-based (little geographic disaggregation)	Recommended	High cost	Low cost	Option
Universe-bound (much geographic disaggregation)	High cost	Very high cost	Option	High cost

more. There are obvious attractions to exploiting this process and making it the basic source of the annual data series: it minimizes costs to the respondents to ask them to provide a single set of information for both grant-making and statistical purposes, rather than subjecting them to two separate efforts; and it assures a high rate of response, without costly follow-up efforts.

We can see no fundamental or substantive argument against this approach, but there are a number of procedural obstacles to it, of differing severity. First, the approach does appear to conflict with OMB's effort to make all Federal agencies use a uniform, highly simplified grant application for all purposes. It would be necessary for the Arts Endowment to resolve this conflict with OMB, but here it should be noted that the whole nature of Arts Endowment grant-making, like the nature of NSF and NIH research grants, radically differs from nearly all other Federal grant programs for which statutory guidelines are highly prescriptive and professional judgment plays little part; thus, it is right, not wrong, that the Endowment use a grant application that calls for information that is entirely different from, say, an application for a water treatment facilities grant.

Second, the Endowment's programs now request different kinds of information, and substantial uniformity within the Endowment would be essential to this approach. Third, the Endowment now has no capability for processing data on these (or any other) forms; surely, this cannot be permitted to continue, for it would preclude <u>any</u> participation by the

Endowment in data production. Fourth, the current information in applications material is unaudited, partly estimated and therefore subject to error and revision; but this would be true of any survey instrument that sought current rather than obsolete data.

Fifth, the data items listed in the first column of Table 8 exceed the information now asked of any Endowment grant applicant and completion of the form would be hard for a good many applicants, like smaller museums, most dance groups and developing theaters. There are three rejoinders appropriate here: (a) it may be that somewhat less detail should be requested on an annual basis from applicants below some specified budget size; (b) there is a parallel to our proposal in another field, in the exceedingly detailed report the Corporation for Public Broadcasting requires of all grantee public broadcasting stations, many of which are very small enterprises; and (c) a questionnaire that is equally detailed but separate from the grant application is no less difficult to complete. This obstacle, therefore, can be considered an obstacle to any data-collection effort, not to the approach of integrating data collection with the grant application process.

The final obstacle, and perhaps the most sericus one, is that the deadlines for applications to the various Endowment program categories are staggered over the course of a year. Applicants in some categories have just completed a season (e.g., the year ending June 30) when they submit applications, while others completed the same season as long

as ten months before submitting applications. Thus, there is a built-in time lag in this data-gathering approach, as compared to the use of a special-purpose statistical questionnaire mailed to all organizations in, say, June and to be returned in August with data for the year ending the preceding June 30. Presumably, the staggered deadlines for applications are necessary to the Endowment's grant decision-making process. Moreover, arts organizations do have different financial years.

It may be, however, that the staggered receipt of data is as advantageous for the statistical effort as it is for decision-making on grants, if the statistical forms require a good deal of individual checking and editing by people (rather than computers), as they surely will in the initial years of the program. In our opinion, the staggered deadlines will be an advantage, rather than a fatal flaw. However, we recognize that this is a statement of probability, not fact, and that the approach does entail the risk that it will prove to be an unduly slow means of implementing the economic data series. On balance, we believe that the risk should be taken and this approach used.

Data on the commercial theater. The commercial theater is a very large element in the universe of the performing arts. Moreover, the relations between the commercial and professional-level nonprofit theater are complex and intimate.[17/] Therefore, it would be absurd to devote substantial resources

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17/ Consider only two dimensions: the constant movement of artistic personnel between the two sectors and the use of profits from commercial productions to finance nonprofit activities by (among others) the New York Shakespeare Festival.

to the improvement of economic data on the arts and ignore the commercial theater. As previous sections of this report have indicated, the present state of data on the commercial theater is dismal, with only the very sketchy Variety data on Broadway and the Road and nothing at all on the commercial aspects of Off-Broadway, Off-Off-Broadway, summer stock and dinner theater, except for the very limited data for 1972 in the Census of Selected Service Industries.[18/]

Clearly, Broadway and the Road together with the professional non-profit theater dominate the American theater, in dollar terms. There is some evidence from recent experience that Broadway is by far the most volatile sector of the theater. These two facts in combination lead us to the conclusion that the commercial theater should be covered in two ways, an annual series for Broadway and the Road while leaving the other elements of the commercial theater to the proposed universe census of the arts conducted every five years. The annual survey should be done by the Endowment with whatever industry support there is; there are indications that the industry is interested in better data (one sign is the market and other research commissioned by the League of New York Theaters). The universe to be covered is not large: fewer than 100 productions in a season, put on by no more than half that many producers. Data of the type sought are not generally thought to be confidential, but reported (in fragments) frequently in the press; also, producers' limited partnership

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18/ It appears that the 1977 Census will be somewhat better in a number of respects, especially if the response rate improves from the questionable level of the 1972 Census.

financial reports are in the public domain, albeit awkward to retrieve. In sum, an annual series on the commercial theater should not pose major problems, despite the fact that the Endowment has less inherent ability to persuade Broadway producers to cooperate than it has to induce cooperation by grant applicants.

Reliance on the Census. The quinquennial Census of Selected Service Industries now provides for coverage of a large part of the arts world, and it would seem to be the obvious vehicle for our recommended periodic universe census. There are only three obstacles of consequence. First, the Census coverage, as of 1977, still excludes by definition some segments of the arts world (notably, service organizations and most organizations active in literature, public media and the visual arts) and provides abbreviated data-item coverage for other segments (art centers and festivals, music other than "serious" music). It seems thoroughly impracticable to ever extend Census coverage to the former and therefore some type of special surveys will be necessary if these groups are to be covered. However, it is conceivable that the more detailed questionnaire might be required of the latter group in subsequent Census years.

Second, as previously noted, the 1972 Census was not a marked success in reaching the entire universe of organizations that were supposed to be covered. Presumably, this can be improved in time. Third, the data-item detail even in the expanded 1977 Census does not match the recommendations in column 3 of Table 8. In Table 10, we show the comparisons of

data-item coverage for museums and performing arts groups required to fill out the long questionnaire. For the financial items, Census coverage in the performing arts approaches our recommendations fairly closely: only modest expansion of the questionnaire would be necessary to satisfy us entirely and some of the missing items are quite easy for respondents to supply (e.g., more detail on sources of government support). The financial detail for museums remains sketchy, however. For operations data, the really serious gap is the lack of detail on employment by occupational group.

In sum, the Census data-item detail approaches what we recommend sufficiently closely for us to urge continued reliance on this source and continued efforts by the Endowment to persuade the Census Bureau to further improve this undertaking.

The role of service organizations. Given the high quality work in data collection done by ASOL and TCG, it is tempting to suggest that the job of collecting and tabulating the basic annual series be delegated to the service organizations. However, the other service organizations have prove far less effective. Moreover, delegating the job surely will increase the difficulty of securing the necessary uniformity across art forms in both questionnaire design and respondents' understanding of the questionnaires. There is bound to be contention over ownership and control of the basic data and likely to be problems of access to those data (e.g., as there have been with the ASOL data). In addition, it is unlikely that the entire job can ever be delegated, because some

Table 10. Data Items Included in 1977 Census of Service Industries versus Table 8 Recommendations (Column 3)

	Museums	Performing Arts
A. Operating income, total	S	S
1. Earned income, total	S	S
Detail	S	S
2. Private contributions, total	P[a]	S
Detail	--	P[b]
3. Government income, total	P[a]	S
Detail	--	P[c]
4. Other income, total	S	S
Detail	--	--
B. Operating expenses, total	S	S
1. Personnel costs, total	S	S
Detail	--	S
2. Non-personnel costs, total	S[d]	S[d]
Detail	--	P[e]
C. Net income or loss	S[d]	S[d]
D. Capital accounts	P[f]	P[f]
E. Operations data		
1. Attendance		
a. Total paid	S	S
b. Other, detail	P[g]	--
2. Performances		
a. Own	NR	S
b. Sponsored	NR	--
3. Prices	NR	NR
4. Number of employees, total	S	S
Detail	--	--

Key to symbols:

S Substantially the same as Table 8, column 3
P Some but not all Table 8 items requested (partial coverage)
-- No data requested in Census
NR No data recommended in Table 8

Notes:

[a] Single total for all public and private contributions.

[b] Single total for all foundations; other recommended detail included.

[c] Only detailed item: Arts Endowment grants.

[d] Item not requested in Census, but can be derived by subtraction.

[e] Detail for facilities costs and fund-raising.

[f] Only data item: capital expenditures.

[g] Only data item: free general admissions.

parts of the universe are simply not covered by service organizations likely to have adequate staff for this purpose. Hence, we recommend only a limited role for the service organizations. A possible interim compromise is to use as the primary data collectors, for the time being, those service organizations (ASOL and TCG) now producing high-quality data.

Costs of the Recommended System

The precise costs of the system we recommend cannot be spelled out without actually designing questionnaires, examining lists and directories of likely respondents, prescribing tabulating procedures in detail and writing computer programs. Some very rough estimates -- really guesses -- can be made, on the basis of the limited information on costs of existing data sources described in section 3 of this report, especially Appendix 3-B. Our guesses are based upon crude estimates of the numbers of respondents involved in the various components and one key unit-cost statistic: producer costs equivalent to approximately 1.5 person-days per annual return in the Ford follow-up effort. For most of the components of our recommended system, this is clearly a maximum unit-cost figure, especially once the system is in operation. The guesses that follow are the costs (in 1977 dollars) that apply to the system in, say, the third year; start-up costs inevitably will be higher.

Annual data. Our recommended system involves two annual data series, each of which has two data-collection components. The "large organization" series (column 1, Table 8) would be developed from Arts Endowment grant applications data and a special theater survey. If there are roughly 2,000 organizations in this

grant-applicant universe, annual costs on the Ford unit-cost estimate would be about $300,000, but we think the costs could be as little as half this amount. The theater survey should have annual costs in the $30,000-50,000 range.

The "small organization" series would be based upon a sampling of Endowment grant applicants in non-conventional art forms and some special surveys (also samples), with only a very few data items collected, and thus much less cost per questionnaire than in the "large organization" series. With a sample of 1,000 respondents, annual costs should be $50,000 or less. Thus, in combination, we estimate the costs of the two annual series at a high of $400,000 and a low of a little over $200,000, with the most likely cost nearer the low than the high end of the range.

Other data. The other data we recommend include the quinquennial Census effort with some supplemental special surveys and a continuation of the Project in the Arts surveys. Presumably, the relevant costs for the Census are those involved in further expansion of the questionnaire, improved efforts to cover the entire defined universe and the costs of special tabulations, that is, the incremental costs. We have no information to support an estimate of these costs, but we should be greatly surprised if they exceed $100,000 for each five-year Census. The supplemental surveys, for art forms not included in Census coverage, might cost $50,000-75,000. Thus, the annual costs, averaged over a five-year period, of the quinquennial efforts, might be in the $30,000-35,000 range. If the Project in the Arts-type surveys cost $25,000

annually, then the data components other than the two annual series might have total costs in the $55,000-60,000 range.

In short, our best guess is the recommended system entails total annual costs that are approximately $300,000.

The Secondary Targets

At the outset of this section of the report, we divided our recommendations into two parts. The primary target, discussed at length above, was the development of an economic data system for art organizations. The secondary targets are better data on the employment and income of individual artists and better data on public-sector arts activities.

The system of data we recommend for arts organizations if fully implemented will provide a great deal of information not now available on the employment and income of artists, but only those working in art forms dominated by institutional rather than individualized production. Moreover, that system cannot provide, without burdening respondent organizations greatly, much occupational detail. For example, it seems excessive to ask opera companies to display separately employment, income and wage scales for singers, dancers, musicians and other artistic occupations. Furthermore, an organization-based data series will never tell us much about the overall employment and income of experience of any artists except those employed on year-round contracts.

In short, to learn much about the earnings distribution of artists as such and their employment experience over a period, we must rely on data sources that are based on inquiries made of the artists, not organizations. As in

the past, some information can be derived as a by-product of the Current Population Survey, but because the Survey's sample is a small one, that source is inherently limited. The decennial Census of Population, however, is potentially a rich source of information on individual artists. The principal deficiency in this source lies in its failure to distinguish between artists' income and employment from artistic endeavors and from other activities. Artists notoriously depend heavily on non-artistic pursuits for their livings, and surely work outside their professional fields more than any other occupational group. Our recommendation is that the population questionnaire be very slightly expanded to ask two questions roughly along these lines:

> If, in answer to question ___, you identified your occupation as (list artistic occupations),
>
> (1) What portion of the earnings reported in question___ came from actually working in that occupation?
>
> (2) How many weeks were you employed last year working in that occupation, rather than some other field?

Surely the least excusable of all the many deficiencies in the economic data on the arts is the lack of information about public expenditure in support of the arts: no one can specify, with any precision at all, the total level of public spending in a given year, for example. This is inexcusable because one granting agency presumably must know what other granting agencies and levels of government are doing, if policy decisions are to be sensible; because legislative committees keep asking without success for this information;

and because it is relatively easy to provide the information, once there is a decision to try to do so. There is an obvious mechanism, the Governments Division of the Census Bureau. The standard format of Census statistics on public finance and public employment does not provide data on the arts largely because public expenditure for the arts heretofore has been too small to justify establishing a separate category. The standard Census format was inadequate, for other reasons, in supplying data on criminal justice and environmental quality activities, but for several years the Governments Division has been providing extremely detailed tabulations on these subjects, on the basis of reimbursements by the relevant Federal agencies. The Arts Endowment could take similar steps, at low cost, surely costs far below those incurred for the NRCA one-time study of state arts agencies, for example.

In section 3, we did not award high effectiveness rankings to the treatment of the arts in general-purpose Federal government statistical series like the National Income Acounts and County Business Patterns. It would be possible to improve the utility of the data that these sources, uniquely, are capable of providing, by relatively marginal changes. In the case of County Business Patterns, the industrial classification used could be modified slightly, in the direction of the Census of Business classification, to great advantage. The estimates of personal consumption expenditures for the performing arts in the National Income Accounts are shaky ones and could be improved at small cost. But to do this requires that the Federal statistical

agencies, for whom the arts are a minor side-show, be goaded, encouraged and assisted by the one Federal agency for which the arts are everything, the Arts Endowment. Therefore, we recommend strongly that the Arts Endowment take on, explicitly and consciously, the task of continually pressing others to improve data on the arts. This does not require major Arts Endowment expenditure, but it does require that some staff time be specifically allocated to this assignment.

Publication and Dissemination

As more economic data on the arts become regularly available, art-world users of these data no doubt will be increasingly more familiar with them and increasingly more adept at their interpretation and analysis; moreover, the availability of data will induce more researchers and policy analysts to devote more attention to the arts. However, because there is little present familiarity with economic data on the arts, users need help in handling the new data on the arts. Essentially, the forms in which the new data are presented and disseminated must include enough easily comprehended interpretative material to make the data truly accessible to unsophisticated users. At the same time, the new data should not be presented in such summary form that the material useful to the sophisticated is suppressed or available only upon special, frequently-rejected and costly request. It was mentioned in Section 3 that many arts people found the presentation in the 1974 Ford study daunting; at the other end of the spectrum, sophisticated analysts find the mode of presentation in Museums U.S.A. (and other NRCA

products) obfuscating. There is a clear need to do better, for both types of audience.

The reports on the Project in the Arts surveys are, perhaps, the right prototype for interpretative material on arts data for the general arts audience.[19/] Thus, we envisage an interpretative discussion of findings, done within or by contract with the Arts Endowment, as a necessary introduction to any and all publications containing the data recommended in this study. A possible publications schedule would include separate annual reports on each of the major art forms; an annual compendium repeating the tabular content of the separate reports and providing totals across art forms and whatever geographic disaggregation is feasible; and an expanded version of these reports in the quinquennial Census years. We note, explicitly, that Census of Selected Service Industries data must not be permitted to languish in Census of Business reports, unknown to everyone except the few analysts who are familiar with the buried treasure "Selected Subject" reports of the economic censuses contain. Instead, the Arts Endowment itself should publish, and promote the distribution of, reports containing the data.

It is worth making explicit the importance of including in standard publications as much of the data as possible. Analytic as well as informational uses of the data are minimized by publishing nothing but skeletal summaries with a footnote mentioning that special tabulations are available

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19/ This is suggested by the large number of verbal and written observations commenting favorably on the Project's reports that we have heard and seen.

upon request. And the total volume of data recommended here is far from vast. There are fewer than 100 data items in the most detailed component of the annual series spelled out in Table 8; all this detail is unlikely to be tabulated for more than 50 art form and geographic classifications, yielding only 5,000 annual figures, and with cross-tabulations and summary comparisons, no more than 15,000 figures, which can be displayed in fewer than 50 pages of tables. Even the quinquennial compendium would be a modest one, perhaps no more than three times as bulky as the annual series. By Federal statistical standards, a compendium with 150 pages of tables is a small one, not a large one. Once the decision to invest in a good system of economic data on the arts has been taken, the cost-effective corollary is surely to publish everything not subject to confidentiality requirements, and to assure that the publications circulate as widely as possible.

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At numerous points in this report, we distinguished between the technicians and professional research types, on the one hand, and others closely involved in the operations of arts organizations and policy-making for the arts. We made this distinction in connection with our cost-effectiveness analysis and our surveys of user needs. It is appropriate to conclude by making explicit something that is implicit in the entire discussion of recommended improvements: the technicians may have a special interest in some of the detail

we recommend and are likely to be especially concerned that the data series permit all sorts of cross-tabulations and other statistical manipulations, but all the users share a common interest in having data that are complete, reliable, continuous over time and comparable across categories. Most users are most concerned with data for the art forms or institutions with which they work, but the users have such diverse affiliations that their combined needs cover the waterfront. The data series we recommend have few features that serve only the more arcane users. Instead, they will serve the interests of all kinds of users, as long as the product is properly documented and made fully accessible.